

FISCAL NOTE

HR 268

April 17, 2006

SUMMARY OF BILL: Urges the State of Tennessee to impose an additional cigarette tax of 50 cents per pack for the purpose of providing additional funding for early childhood education, alternative schools, and after school programs. Urges and encourages the Governor to include this proposed cigarette tax increase within the administration's General Appropriations Act for fiscal year 2006-2007.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - If the intent of this resolution is implemented, state revenues would increase by approximately \$254.57 million and local government revenues would increase by approximately \$2.3 million. These funds would be earmarked for education exclusively. If the intent of this resolution is not implemented, then the fiscal impact is considered minimal.

Assumptions:

- Funds raised from this tax shall be earmarked for education exclusively and no portion thereof shall be placed in the General Fund.
- Incremental excise tax collections are estimated to be \$247.38 million.
- Incremental state sales tax collections are estimated to be \$7.19 million.
- State revenues are estimated to increase by approximately \$254.57 million (\$247.38 million + \$7.19 million = \$254.57 million).
- Local government revenues are estimated to increase by approximately \$2.3 million from incremental local option tax revenues.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director